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Monthly Market Monitor

November 2009

PHARMING

What does a plot of land and the internet have in common?

"They both can be farmed or pharmed."

The words may sound the same but have dramatically different results.

It is my goal to protect your wealth to the best of my ability. The Bank and I are actively trying to help you safe-guard your identity from theft.

This month's Market Monitor is on the subject of Pharming. For additional consumer safety information visit the Banks website at www.bankbac.com/custcenter.htm or www.bankecc.com/ECC_Customer_Center.htm.

Linda Specht
Investment Advisor Representative*

For more information or to schedule an appointment please call
(209) 444-3354
2001 W. March Ln.
Stockton, CA 95207

*A Registered Representative of Financial Network Investment Corporation

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Is Your Trusted Website A Clever Fake?

What is Pharming?

Pharming is a term for when criminal hackers redirect Internet traffic from one website to a different, identical-looking site. Pharming occurs when you key an address into your Internet browser. Instead of going to the legitimate site, you are redirected without your knowledge, to a fake site. This is done in order to trick you into entering your user name and password into the database of their fake site.

Criminals try to acquire your personal information in order to access your bank account, steal your identity, or commit other kinds of fraud in your name. Banking and similar financial sites are often the targets of these attacks.

Protect yourself from Pharming Scams

- Always use a secure website when you submit credit card or other sensitive information via your Web browser. The beginning of the Web address in your browsers address bar should be “https://” rather than just “http://.”

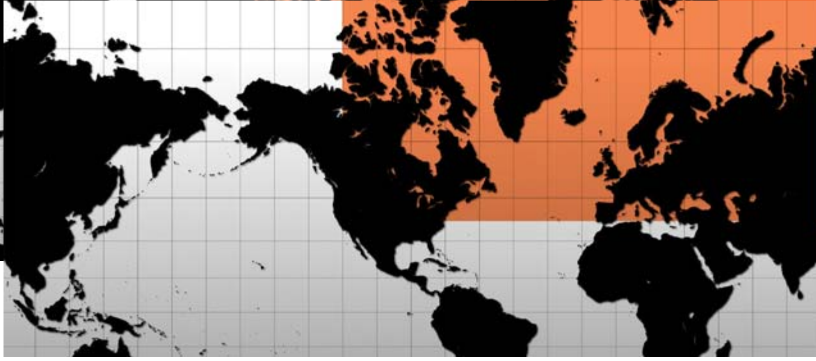
- To protect your financial information, login to Internet Banking often and review your transaction history. Notify the Customer Service Department of any suspicious transactions.

- Check your credit and debit card statements to ensure that all transactions are legitimate. If anything looks suspicious, contact the Bank and all card issuers immediately.

- Regularly check that your browser is up to date and new security patches are applied.

Rest assured the Bank is taking every precaution to protect your safety. To help prevent identity theft the Bank diligently manages domain names by ensuring that the domain names are renewed in a timely manner. The Bank also investigates the possibility of registering similar domain names.

If you fall victim to pharming, act immediately to protect yourself, contact the appropriate agency alert them to the situation.



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Market Indices[1]	October Change	Year-to-Date (10/30/09)
S&P 500	-2.0%	14.7%
MSCI EAFE	-1.3%	23.9%
Dow Jones Industrial Average	0.0%	10.7%
Russell 2000	-6.9%	12.7%

Earnings Continue to Surprise to the Upside

While only about 40% of companies in the S&P 500 have reported earnings as of 10/30/09, the results so far have generally been positive. As outlined in the table below, slightly more than 78% of the companies that have reported Q3 earnings managed to post positive surprises (meaning that their reported earnings per share came in ahead of analysts' forecasts). At the same time, only 13% failed to meet expectations. This suggests that analysts were overly pessimistic about Q3 earnings, much as they were in Q2. Nearly every sector in the S&P 500 came in ahead of expectations. However, the first column in the table indicates that despite the fact that many companies are exceeding expectations, the absolute level of earnings growth is weak at best. In fact, only two sectors (health care and consumer staples) managed to generate year-over-year earnings growth. The majority of industries actually reported declines. Some analysts caution that the positive surprises are generally stemming from cost cutting measures as opposed to revenue growth. At some point, companies will have to grow their top lines in order to grow EPS as cost cutting can only go so far. On a more positive note, Standard and Poor's recently reported that analysts are forecasting EPS of $20.28 for the S&P 500 in 2010 versus an estimate of $16.58 for 2009.[2] If these estimates prove to be accurate, it would translate into 22% earnings growth in 2010.

Sector	Q3 '09 Growth %	% Reporting Earnings	% Positive Surprise	% Negative Surprise	% In-Line
Energy	-59	22.5	66.7	33.3	0
Materials	-14.6	40	91.7	8.3	0
Industrials	-21.9	50.8	83.3	13.3	3.3
Consumer Discretionary	0	34.6	81.5	14.8	3.7
Consumer Staples	0.9	39	87.5	12.5	0
Health Care	11.4	47.2	80	4	16
Financials	-16	50.6	72.5	22.5	5
Information Technology	-13.2	48.7	73	2.7	24.3
Telecomm Services	-20.9	11.1	100	0	0
Utilities	-7.1	5.7	50	50	0
S&P 500	-6.8	39.8	78.4	13.1	8.5

Source: Ned Davis Research 10/30/09

GDP Growth Signals the End of the Recession

It may not be of much comfort to some people, but the recent GDP report indicates that the recession might officially be over. According to the Bureau of Economic Analysis, real GDP rose at an annual rate of 3.5% in the third quarter. This reverses the 0.7% decline in the second quarter. Although the 3.5% rise is only an initial estimate and will likely be modified somewhat once the BEA collects more data, the final number will be close to the initial estimate. The fact that GDP is once again growing is obviously a good sign, but some strategists are questioning the sustainability of such growth.

Their argument rests on the fact that a large portion of the GDP growth stemmed either directly or indirectly from government spending. Two areas that contributed heavily to the GDP number were autos and housing. The government's "cash for clunkers" program stimulated consumer demand for cars in the quarter. However, this program recently came to an end. In a similar fashion, the first-time homebuyer's credit boosted demand for housing. This program is scheduled to end on 11/30/09, although there has been talk in Congress of extending it. A final contributor to the turnaround is the slow down in inventory liquidation. In the first two quarters of the year, many companies drastically reduced inventories to adjust to the difficult economic environment. This continued in the third quarter, but at a much slower pace. Eventually, demand from consumers and businesses must pick up to replace government spending as the primary driver of GDP growth. This will happen eventually, but the main question confronting investors today is the timing of this new demand.

1. Wall Street Journal, 11/02/09
2. Standard and Poor's, 10/30/09

Prepared by: Cameron Lavey
Senior Investment Analyst
Research Department, ING Advisors Network

2001 West March Ln.
Stockton, CA 95207

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